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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telecommunications Division
Public Programs Branch

RESOLUTION T- 16966
December 1, 2005

R E S O L U T I O N

RESOLUTION T-16966. Approval of the Universal Lifeline Telephone Service Surcharge Rate of 1.29% Effective January 1, 2006.

Summary

This resolution adopts a revised Universal Lifeline Telephone Service (ULTS) surcharge rate of 1.29% effective January 1, 2006. This revised surcharge rate shall remain in effect until further revised by the Commission. All certificated telecommunications carriers shall apply a ULTS rate of 1.29% on their end-user's bills rendered for intrastate telecommunication services on January 1, 2006, and thereafter.

Background

ULTS was implemented by the California Public Utilities Commission (CPUC or Commission) in 1984 pursuant to Public Utilities (PU) Code § 871 to provide discounted basic telephone services to qualifying low-income households. ULTS discounted services are provided by local exchange service providers, which, in turn, receive reimbursement from the ULTS fund net of payments from the federal Lifeline and Link-Up programs.

The ULTS program is funded through the ULTS surcharge. Historical ULTS surcharge rates since the inception of the program are available online at <http://www.cpuc.ca.gov>.

Discussion

This Resolution resets the ULTS surcharge from the current rate of 1.55% to 1.29% for the funding of the ULTS program through fiscal year (FY) 2006-07.¹ The development of this revised rate is demonstrated in Appendix A. The 1.29% ULTS surcharge rate shall take effect on January 1, 2006, until further revised by the Commission.

¹ On September 22, 2005, the Commission adopted Resolution T-16953 approving a budget of \$289.844 million for the ULTS program for FY 2006-07.

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All certificated telecommunications carriers shall assess a revised ULTS rate of 1.29% on their end-user's bills rendered for intrastate telecommunications services on January 1, 2006, and thereafter.

Notice of Availability and Public Comments

In compliance with PU Code § 311(g), copies of the Notice of Availability (Notice) was e-mailed on November 1, 2005, to all certificated telecommunications carriers, the parties of record in R.04-12-001, and committee members of the ULTS Administrative Committee informing them that: this draft resolution is available at the Commission's website <http://www.cpuc.ca.gov/static/documents/index.htm> and is available for public comments. In addition, the Telecommunications Division informed these parties of the availability of the conformed resolution at the same website.

Comments filed on timely bases will be addressed by the Telecommunications Division (TD) in this resolution.

Advice Letter Filing

In accordance with Resolution T-16901 dated December 2, 2004, SBC shall file an Advice Letter on or before December 15, 2005, modifying the ULTS surcharge rate from 1.55% to 1.29% to take effect on January 1, 2006, until further revised by the Commission.

To maximize administrative efficiency, SBC is allowed to file simultaneously on or before December 15, 2005 the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on January 1, 2006 in accordance with the provisions of General Order 96, as modified by first, second, and third interim orders. SBC is not required to inform competing carriers of tariff changes which comply with this resolution.

Findings

1. The Universal Lifeline Telephone Service (ULTS) program was implemented by the California Public Utilities Commission (CPUC or Commission) in 1984 pursuant to Public Utilities (PU) Code § 871 to provide discounted basic telephone services to qualifying low-income households.
2. The ULTS program is funded through the ULTS surcharge.
3. The development of the ULTS revised surcharge rate is shown in Appendix A.
4. The revised ULTS surcharge rate of 1.29% should take effect on January 1, 2006, until further revised by the Commission.

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5. All certificated telecommunications carriers should assess the revised ULTS rate of 1.29% on their end-user's bills rendered for intrastate telecommunication services on January 1, 2006, and thereafter.
6. In accordance with Resolution T-16901 dated December 2, 2004, SBC should file an Advice Letter on or before December 15, 2005, modifying the ULTS surcharge rate from 1.55% to 1.29% to take effect on January 1, 2006.
7. To maximize administrative efficiency, SBC is allowed to file simultaneously on or before December 15, 2005 the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on January 1, 2006 in accordance with the provisions of General Order 96, as modified by first, second, and third interim orders.
8. In compliance with PU Code § 311(g), copies of the Notice of Availability was e-mailed on November 1, 2005, to all certificated telecommunications carriers, the parties of record in R.04-12-001, and committee members of the ULTS Administrative Committee informing them that a draft of this Resolution is accessible on the Commission's web-site (www.cpuc.ca.gov) and is available for public comments.

THEREFORE, IT IS ORDERED that:

1. The Universal Lifeline Telephone Service (ULTS) surcharge rate of 1.29% effective January 1, 2006, is adopted. This 1.29% ULTS surcharge rate shall remain in effect until further revised by the Commission.
2. In compliance with Resolution T-16901, dated December 2, 2004, SBC shall file an Advice Letter on or before December 15, 2005, modifying the ULTS surcharge rate from 1.55% to 1.29% effective January 1, 2006.
3. All certificated telecommunications carriers shall assess a ULTS rate of 1.29% on their end-user's bills rendered for intrastate telecommunications services on January 1, 2006, and thereafter.
4. To maximize administrative efficiency, SBC is allowed to file simultaneously on or before December 15, 2005 the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on January 1, 2006 in accordance with the provisions of General Order 96, as modified by first, second, and third interim orders.

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This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 1, 2005. The following Commissioners approved it:

STEVE LARSON
Executive Director

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APPENDIX A

UNIVERSAL LIFELINE TELEPHONE SERVICE TRUST ADMINISTRATIVE COMMITTEE FUND (8660-0471)			
	Financial Reports submitted to the State Controller's Office FY 2004-05	Pro Forma Statement FY 2005-06	Pro Forma Statement FY 2006-07
1 Projected Intrastate Revenues Subject to Surcharge (based on actual intrastate billings subject to surcharges from Sep 04 through Aug 05)		\$20,623,716,147	\$20,623,716,147
2 Surcharge Rate from Jul 1, 2005 thru Dec 31, 2005		1.55%	
3 Surcharge Rate effective Jan 1, 2006		1.29%	1.29%
4 Beginning Fund Balance	\$15,134,319	\$31,802,812	\$48,565,582
5 Revenues:			
6 Surcharge (based on Ln 1 thru Ln 3)	\$265,721,799	\$292,856,769	\$266,045,938
7 Investment Income	\$1,262,403	\$1,300,000	\$1,250,000
8 Total Revenues (Ln 6 + Ln 7)	\$266,984,202	\$294,156,769	\$267,295,938
9 Expenditures:			
10 Prior Period Adjustment	\$3,786,409		
11 FY 2004-05	\$246,529,300		
12 FY 2005-06 (State's Annual Budget Act)		\$277,394,000	
13 FY 2006-07 (Resolution T-16953)			\$289,844,000
14 Total Expenditures (sum of Ln 10 thru Ln 13)	\$250,315,709	\$277,394,000	\$289,844,000
15 Ending Fund Balance (Ln 4 + Ln 8 – Ln 14)	\$31,802,812	\$48,565,582	\$26,017,520
The following comparison is for information purpose only:			
16 Required surcharge rate w/o prior year accumulated fund balance (Ln 14 / Ln 1)		1.35%	1.41%
17 Adopted surcharge rate (Ln 3)		<u>1.29%</u>	<u>1.29%</u>
18 Incremental surcharge rate reduction due to prior year accumulated fund balance (Ln 16- Ln 17)		0.06%	0.12%